

CHARITABLE GRANT AGREEMENT

This charitable grant agreement (this "Agreement") is made effective on December 15, 2015 (the "Effective Date"), between the **University of Kentucky** (the "University"), an instrumentality of the Commonwealth of Kentucky, for the benefit of the John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"), which will be imminently created and housed in the Gatton College of Business and Economics (the "College"), and the **John H. Schnatter Family Foundation**, a Kentucky nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for eight years (the "Term"), unless otherwise provided for in this Agreement. The University and Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

WHEREAS, the University has for at least ten (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise, and

WHEREAS, the Parties desire to expand those existing activities by entering into this Agreement.

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

1. **Promoting Academic Freedom.** The Donor's grant is intended to help promote an environment at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University and the Donor desire to support the Institute to advance the University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into and made part of this Agreement, and is attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission"). The University has selected Dr. John Garen to be the initial director of the Institute (the "Institute Director"). The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, the University agrees to notify the Donor if the individual holding the Institute Director position changes.

b. **The Institute Programs.** To further support the Institute's Mission, the University desires to create the following positions and activities at the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include a "Senior Tenured Economics Professorship," two "Tenure-track Economics Professorships," a "Tenure-track Financial Economics Professorship," a "Senior Lecturer in Entrepreneurship," up to 13 "Ph.D. Fellowships," a "Research Associate," "Research Support," an "Institute Director Stipend," an "Associate Director Stipend," an "Institute Administrator," an "Institute Administrative Assistant," and "Institute Support." The University shall use any funds received under this Agreement solely to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions and Ph.D. Fellowships will follow the University's standards and procedures for hiring faculty and staff members for the relevant academic units.

3. **The University's Commitment to and Support for the Institute.** The University shall support the Institute Programs as provided for in this Agreement to advance the Institute and the University's missions

during the Term. The University shall continue supporting the faculty positions included in the Institute Programs and the Ph.D. Fellowships after the University expends all Contributed Amounts (defined below) received from the Donor. Though the University intends to continue supporting all of the Institute Programs after the University expends all Contributed Amounts received from the Donor, the University may need additional philanthropic support after this time to continue the other aspects of the Institute Programs. The University shall ensure, in accordance with its customary procedures regarding the same, that the faculty, staff, and fellows working with the Institute receive adequate office space to achieve the Institute's Mission.

4. The Donor's Support for the Institute Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to make a charitable grant of funds to the University and the University agrees to accept and use such funds solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$6,000,000, unless otherwise agreed to by the Parties in writing executed by authorized representatives of each Party.

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 792,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$1,074,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 397,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 912,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 321,000
Salary and fringe benefits for the Research Associate	Up to \$1,020,000
Costs and expenses for the Research Support	Up to \$ 472,000
Costs and expenses for the Institute Director Stipend	Up to \$ 264,000
Costs and expenses for the Associate Director Stipend	Up to \$ 75,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 295,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 166,000
Costs and expenses for the Institute Support	Up to \$ 212,000
Total Maximum Contributed Amount by Donor	Up to \$6,000,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute or the University faculty, students, and staff.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and the Charles Koch Foundation (the "CK Foundation") executing an agreement providing for a grant from the CK Foundation (the "CK Foundation Grant Agreement") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the CK Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and the CK Foundation's pledge to make contributions pursuant to the CK Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, constitutes a separate and independent breach on the part of the University, as applicable, under the CK Foundation Grant Agreement and shall entitle the CK

Foundation to exercise any and all of its remedies provided in the CK Foundation Grant Agreement, up to and including the right to terminate the CK Foundation Grant Agreement.

5. University Annual Charitable Grant Request: Proposed Grant Award Schedule.

a. University Annual Charitable Grant Request. The University shall submit an annual written grant request according to the schedule below for Donor's consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the "University Annual Charitable Grant Request"). The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$300,000
June 1, 2016	On or about August 1, 2016	Up to \$600,000
June 1, 2017	On or about August 1, 2017	Up to \$1,200,000
June 1, 2018	On or about August 1, 2018	Up to \$1,200,000
June 1, 2019	On or about August 1, 2019	Up to \$1,350,000
June 1, 2020	On or about August 1, 2020	Up to \$1,350,000
Total Maximum Contributed Amount by Donor		Up to \$6,000,000

c. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted expenditure fund on its books and records called the "ISFE-JSSF Fund" (the "Fund"). The Fund shall be used solely to support the Institute Programs and the Institute Mission as stated in this Agreement. The University shall make the Fund available for contributions from other donors.

6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.

a. Tax Status. The University has furnished the Donor with records that it is an organization described in Internal Revenue Code ("Code") section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor's tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended or otherwise committed for the Institute Programs.

d. Donor Intent. The Donor intends that the grants paid to the University shall qualify as a "qualifying distribution" under Code section 4942.

7. Naming Rights, Acknowledgment, and Publicity

a. **Naming Rights and Acknowledgments.** From the date the Institute is created and henceforth, the Institute shall be known as the "The John H. Schnatter Institute for the Study of Free Enterprise" (the "Institute Name"). The University shall include the full and complete Institute Name in all references to the Institute, whether oral, written, electronic or otherwise, made, published or generated in any form or medium now or hereafter known. The Institute Name shall be prominently displayed at or about all means of ingress and egress to the facility where the Institute is housed, and shall be printed, embossed or otherwise included, at University expense, on all letterhead, envelopes, business cards, news or press releases, announcements and other printed materials relating to the Institute or events occurring at the Institute. The University shall use its best efforts to cause third parties that, with the authorization or cooperation of the University, refer to the Institute in oral, written, electronic or any other form of communication (including, by way of example and not limitation, speaking engagements, program materials, publications, videos and on the internet), to incorporate the full and complete Institute Name in all such references to the Institute.

i. It is the intent of the Donor and the University that the Institute Name be linked to any academic program or programs the University may hereinafter conduct in furtherance of the Institute's Mission, so long as the Institute is in existence. Accordingly, the University hereby represents, warrants, and covenants that any academic programs supported by or initiated within the Institute or the University, a material focus of which is the Institute's Mission, shall at all times be known by, and conducted under the auspices of, the Institute Name. If in the sole judgment of the Donor, any academic program conducted by the University in accordance with the terms of this Agreement is no longer principally focused on the Institute's Mission, at the Donor's election, in addition to any other remedy available to the Donor by reason of a breach of this Agreement, Donor may direct the University to immediately cease and desist use of the Institute Name in connection with such program. The Parties acknowledge that the terms of this Section 7(a) are intended to survive the Term of this Agreement, so long as the Institute is in existence and as provided in Paragraph 8(a).

b. **Publicity.** The University shall allow the Donor to review and approve the text of any proposed publicity which includes or mentions the Donor or the amount to be contributed pursuant to this Agreement. All such references to the Donor shall be to the "The John H. Schnatter Family Foundation." The University agrees to allow the Donor to include information regarding the Donor supported Institute Programs and any information or materials about the Foundation or the University and their activities in the Donor's reports, newsletters, and news releases. If requested by the Donor, the University shall acknowledge the Donor in all of its general materials in the same manner as any other University donor at the same level of funding. The Parties have agreed to the contents of the "Executive Summary," attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The Parties shall not use each other's logos without the applicable Party's express written consent.

8. General Provisions.

a. The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended or otherwise uncommitted Contributed Amounts to the Donor within forty-five (45) days of the Donor's request. If the Donor terminates, the University may temporarily or permanently discontinue the operation and activities of the Institute, in its sole discretion. If the Donor terminates, the University may also choose to continue or at a future date resume the activities of the Institute and

the Institute's Mission, but shall not be bound by the terms of Section 7(a) of this Agreement; except, however, in the event the Donor has contributed the sum of \$3 Million in accordance with the terms of this Agreement the University agrees to continue the naming rights set forth in Paragraph 7(a) above for a period of seven (7) years from the date of termination of this Agreement.

b. Except as permitted in Section 7, the University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the CK Foundation and its charitable and educational mission. The Parties acknowledge that the CK Foundation has certain rights under this Agreement. The University acknowledges and agrees that they will not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained in any agreement between the Donor and the CK Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The University may not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. This Agreement will be governed, interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of law provisions.

k. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following

address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the University:

David W. Blackwell
University of Kentucky
Gatton College of Business & Economics
Lexington, Kentucky 40506-00

If to the Donor:


John H. Schnatter Family Foundation
11411 Park Road
Anchorage, KY 40223
Attn: Aaron M. Thompson


1. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.


The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

UNIVERSITY OF KENTUCKY


Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: 
G. Thomas Barker
Attorney at Law

By: 
D. Michael Richey,
Vice President for Development


David W. Blackwell,
Dean Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 
John H. Schnatter
President

ATTACHMENT A

University of Kentucky Proposal to Support the John H. Schnatter Institute for the Study of Free Enterprise

The Gatton College of Business & Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"). The Institute enables the Gatton College to continue and expand its long-standing mission to discover and understand aspects of free enterprise that promote the well-being of society.

The Institute will:

- Gain a deep, accurate, and objective understanding of free enterprise vis-à-vis other systems of organization for the economy and society.
- Engage the broader academic and university communities and the public in a serious and sustained examination of free enterprise and the numerous ways in which it affects our lives.
- Broaden perspectives regarding economics, economic history, public policy, and the law.

Institute Positions, Activities, and Student Fellowships

The Faculty Positions

The University will hire five new faculty members. The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty's work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute.

The University will hire the new faculty members according to the following schedule:

- Senior Tenured Economics Professorship by the fall 2017 semester
- One Senior Tenure-track Economics Professorships by the fall 2017 semester and the second by the fall 2018 semester
- Tenure-track Financial Economics Professorship by the fall 2017 semester
- Senior Lecturer in Entrepreneurship for at least five academic years from the fall 2017 semester through the spring 2023 semester

The Ph.D. Fellowships

The University will select up to 13 individuals to hold Ph.D. Fellowships for four academic years during the fall 2017 semester through the spring 2023 semester. The fellows will receive academic advising from faculty affiliates of the Institute. The fellows will engage in a mix of teaching and research to support the University and the Institute's mission. Each fellow will receive stipends, fringe benefits, or tuition scholarships not to exceed \$150,000 over four academic years.

The Research Associate

The University will hire a Research Associate by the fall 2018 semester. The Research Associate will be affiliated with the Institute and assist faculty affiliated with the Institute with research, including translating the Institute's research into materials easily understood by the public.

The Research Support

The Institute will provide research grants up to \$30,000 to scholars from a variety of institutions affiliated with the Institute. The Institute will also engage in marketing and communications activities (including speaking at academic conferences) to enhance the impact of its intellectually rigorous research.

The Institute Director Stipend

The Institute's activities and use of funds will be under the direction of the Institute Director subject to normal University financial management procedures and accountability for stewardship of donor funds. The Institute Director will have the authority to approve the affiliation of faculty, staff, and students with the Institute. Any individual the Institute Director presents to an academic unit as a possible hire or affiliate of that unit must be approved by that unit pursuant to the University's and unit's established appointment procedures for selecting people for those units. Given these substantial duties, the University will provide the Institute Director with a stipend to enable the Institute Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Institute Director.

The Associate Director Stipend

The Institute's Associate Director will have substantial duties to help build the Institute's work. Given these substantial duties, the University will provide the Associate Director with a stipend to enable the Associate Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Associate Director.

The Institute Administrator

The Institute's Administrator will be a full time University staff member. The Institute Administrator will devote 100% of his or her time to ensure the Institute is well-administered and remains within its budget.

The Institute Administrative Assistant

The Institute's Administrative Assistant will be a full time University staff member. The Institute Administrative Assistant will devote 100% of his or her time to providing administrative support to the Institute.

The Institute Support

The Institute Support will include support for the fellows to attend academic conferences; an academic reading group for the fellows; undergraduate programs (such as a certificate program in entrepreneurship and a course in PPE); public and academic conferences; and an executive education program.

ATTACHMENT B

CK FOUNDATION GRANT AGREEMENT

ATTACHMENT C

CHARITABLE GRANT AGREEMENT SUMMARY BETWEEN THE UNIVERSITY OF KENTUCKY AND
THE JOHN H. SCHNATTER FAMILY FOUNDATION

The University of Kentucky and the John H. Schnatter Family Foundation have entered into a charitable grant agreement for the John H. Schnatter Family Foundation to provide philanthropic support for the University's proposal to support the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics.


The grant responds to an opportunity presented to the John H. Schnatter Family Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's goal for the John H. Schnatter Institute for the Study of Free Enterprise, which is to discover and understand aspects of free enterprise that promote the well-being of society.

The John H. Schnatter Family Foundation will provide philanthropic support of up to \$6,000,000 to support the University's plan for the John H. Schnatter Institute for the Study of Free Enterprise. The University expects to attract additional contributions to support the John H. Schnatter Institute for the Study of Free Enterprise and the College. As outlined in the University's proposal, these funds will aid the University's support of the John H. Schnatter Institute for the Study of Free Enterprise and provide funding for five faculty positions, up to thirteen Ph.D. fellowships, research support, and support for the programs conducted by the John H. Schnatter Institute for the Study of Free Enterprise.

The charitable grant adheres to the University of Kentucky's policies regarding hiring, research, and curriculum and the John H. Schnatter Family Foundation's principles for university charitable giving.

The University of Kentucky and the John H. Schnatter Family Foundation attest that this is an accurate representation of the charitable grant agreement.

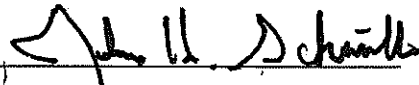
THE UNIVERSITY OF KENTUCKY

By: 

Name: David W. Blackwell

Title: Dean, Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 

Name: John H. Schnatter

Title: President

December 15, 2015

CHARITABLE GRANT AGREEMENT

THIS CHARITABLE GRANT AGREEMENT (hereinafter referred to as the "Agreement"), made and entered into on this the 15th day of December, 2015, by and between John H. Schnatter, in his capacity as President of the John H. Schnatter Family Foundation, 11411 Park Road, Anchorage, KY 40223 (hereinafter referred to as the "Donor" or "Schnatter Foundation"), and the University of Kentucky, William B. Sturgill Development Building, Lexington, Kentucky 40506-0015 (hereinafter referred to as the "University").

WITNESSETH:

WHEREAS, the Schnatter Foundation desires to make a charitable grant commitment to the University, to be used by the University for the construction and enhancement of the Gatton College of Business & Economics (the "Gatton College") facility located on the campus of the University, subject to the terms of this Agreement; and

WHEREAS, the University agrees to receive and administer this charitable grant in accordance with the purposes and provisions of this Agreement and the policies of the University.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions hereinafter set forth, the parties do hereby mutually agree as follows:

1. **Charitable Grant Purpose & Commitment.** The Schnatter Foundation agrees to make and the University does hereby accept the grant described below for the restricted purpose of providing immediately expendable philanthropic support for the construction and enhancement of the Gatton College's facility located on the campus of the University, which shall be payable as follows:
 - a. Schnatter Foundation Grant Amount and Payment Schedule. The Schnatter Foundation shall transfer or cause to be transferred cash or marketable securities to the University in the total amount of TWO MILLION DOLLARS (\$2,000,000). The parties agree that this commitment will be funded over a period of not more than eight (8) years, beginning in calendar year 2016 and ending in calendar year 2023.
 - b. Fulfillment of Schnatter Foundation Grant by Others. At the option of John H. Schnatter, any gift made by him or any entity created, controlled or owned by him to the University and designated for the purposes discussed herein shall reduce the Schnatter Foundation's obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individual shall not have an obligation to make any such gift to the University pursuant to this Agreement.
 - c. Schnatter Foundation Intention to Secure Additional Funding. The Schnatter Foundation hereby agrees to use its best efforts to secure philanthropic

commitments from other sources in the amount of THREE MILLION DOLLARS (\$3,000,000) to increase the total funding amount for the Gatton College facility to FIVE MILLION DOLLARS (\$5,000,000). The Schnatter Foundation agrees to solicit this additional commitment(s) pursuant to payment terms in accordance with the eight-year funding schedule in paragraph 1(a) above.

2. **Naming Recognition.** The parties agree that the University will recognize the generosity of the Donor's charitable commitment and pledge to secure additional gifts with a naming recognition opportunity to include the naming of the Atrium space located within the Gatton College's facility on the University's campus, to be known as the "John H. Schnatter Atrium." Said naming shall be in a style and location within the Atrium mutually agreed to by the University and the Donor. The naming shall be erected by the University within one (1) year of the date of the University's receipt of the Donor's first contribution pursuant to this Agreement, and shall continue for so long as the Atrium space exists within the Gatton College's facility, but not less than fifteen (15) years. The parties agree that the University retains the right to offer naming recognition opportunities throughout the Gatton College's facility, but such other naming shall not detract from the naming of the "John H. Schnatter Atrium."

3. **Additional Terms.**

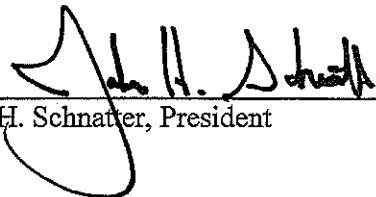
- a. University Tax Status and Donative Intent. The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, ("IRC") as amended, when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The Donor intends that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as charitable contributions under the applicable provisions of the IRC. The Donor intends that the grants from the Schnatter Foundation shall be a "qualifying distribution" as applied to private foundations under the applicable provisions of the IRC.
- b. Binding Obligation. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- c. Entire Agreement, Severability and Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between us regarding this purpose.
- d. University Board of Trustees Approval; Termination; Refund. The parties acknowledge and agree that acceptance of the contribution discussed herein from the Schnatter Foundation to the University is subject to the approval by the University's Board of Trustees. If in the unlikely event the contribution is

not approved by the University's Board of Trustees, this Agreement shall immediately terminate.

WITNESS the signature of the parties hereto this 15th day of December, 2015.

DONOR


**THE JOHN H. SCHNATTER
FAMILY FOUNDATION**



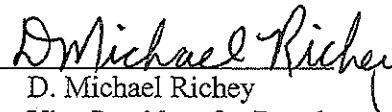
John H. Schnatter, President

RECOMMENDED FOR APPROVAL BY: UNIVERSITY OF KENTUCKY


Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: 

G. Thomas Barker
Attorney at Law

By: 

D. Michael Richey
Vice President for Development



David W. Blackwell
Dean, Gatton College of Business & Economics